



## 2026 TRANSPORT INFRASTRUCTURE BUDGET IN NIGERIA: Implications for Sustainable Infrastructure Delivery and Multimodal Balance

### POLICY BRIEF FROM EIPD BUDGET ANALYSIS

#### KEY MESSAGES

- ◆ Nigeria's 2026 Federal Budget allocates approximately ₦6.87 trillion to transport infrastructure, representing more than 50% of total federal capital expenditure.
- ◆ The capital surge reflects a strong policy commitment to infrastructure-led economic transformation under Nigeria's Agenda 2050.
- ◆ Budget trends reveal significant volatility in transport capital allocations, with shares declining below 10% in 2024–2025 before surging sharply in 2026.
- ◆ Budget execution gaps remain significant, with capital releases below 60% between 2023 and 2025.
- ◆ Sub-sectoral allocations are heavily skewed towards roads and rail, while aviation and maritime infrastructure remain underfunded.
- ◆ Without improved execution discipline, diversified financing mechanisms, and stronger multimodal integration, the 2026 capital surge may not translate into sustainable infrastructure expansion.

#### Executive Summary

Transport infrastructure is the backbone of productivity, trade facilitation, regional integration, and inclusive growth. Nigeria's 2026 Federal Budget allocates approximately ₦6.87 trillion to the transport sector, representing over 50% of total federal capital expenditure. The allocation signals a strong commitment to infrastructure-led economic transformation, particularly in roads and rail. However, the analysis of budget trends between 2023 and 2026 highlights several structural challenges, including volatility in capital allocations, persistent gaps between budget allocations and actual releases, imbalances in sub-sectoral funding and heavy reliance on public financing rather than private-sector participation. Without reforms to strengthen execution discipline, diversify financing, and integrate multimodally, the current capital



surge may not generate the expected economic productivity gains. The macroeconomic implications of transport infrastructure investment are significant. Efficient transport systems reduce logistics costs, improve trade competitiveness, and lower food prices by improving market access. Conversely, weak execution of infrastructure spending can limit

growth multipliers and reduce the effectiveness of fiscal expansion. Therefore, the success of the 2026 transport budget will depend not only on allocation size but also on implementation efficiency and system integration.

#### 1.0. Policy Context

Transport infrastructure plays a critical role in Nigeria's economic development by facilitating trade,

improving market connectivity, and supporting regional integration. Efficient transport systems reduce transport and logistics costs, improve supply chain efficiency, and expand market access for agricultural and industrial products. Road transport accounts for over 90% of passenger and freight movement, placing significant pressure on federal highways and interstate corridors. Rail infrastructure remains limited in freight absorption capacity,

Nigeria's infrastructure development strategy is guided by several policy frameworks, including Nigeria Agenda 2050, National Development Plan (2021–2025) and the National Integrated Infrastructure Master Plan (NIIMP 2020–2043). The NIIMP estimates that Nigeria requires between US\$120 and 150 billion annually for infrastructure development, with the transport sector accounting for a significant share. Despite these ambitions,

and improving economic competitiveness. This policy brief was developed based on a trend analysis of the Federal budget allocations to the transport sector from 2023 to 2026. It is essentially a desk review and trend analysis of Federal Government budget allocations to the transport infrastructure sector between 2023 and 2026, with particular focus on capital expenditure patterns across key transport-related Ministries, Departments and Agencies (MDAs). The analysis examined the scale, distribution, and volatility of sectoral allocations, as well as sub-sectoral funding balance among roads, rail, aviation, and maritime infrastructure. A policy-performance analytical framework was applied to assess the implications of budget trends for infrastructure delivery capacity, logistics efficiency, multimodal integration, and private sector participation in infrastructure financing. The approach also considered budget execution performance, financing structure alignment with the National Integrated Infrastructure Master Plan (NIIMP), and potential macroeconomic and implementation risks. This enabled the identification of key policy implications and practical recommendations aimed at strengthening sustainable transport infrastructure development.



while aviation and maritime systems face persistent modernisation gaps. Nigeria's transport system is currently characterised by high logistics costs, infrastructure deficits, and modal imbalance, which constrain productivity and competitiveness across key sectors of the economy.

public investment in transport infrastructure has historically been inconsistent and insufficient to meet long-term financing requirements. The 2026 Federal Budget, therefore, represents a significant expansion in transport infrastructure investment, aimed at accelerating infrastructure delivery

## 2.0 Key Findings

### 2.1. Key Budget Highlights for the Transport Sector

The allocation pattern indicates a strong concentration of resources in road infrastructure, reflecting Nigeria's heavy dependence on road transport for freight and passenger movement. However, relatively lower allocations to aviation and maritime infrastructure suggest imbalances

in multimodal development, which may constrain improvements in logistics efficiency and trade competitiveness. The analysis of the location from 2023 to 2026 shows significant volatility:

- **2023:** 28.3% of total capital expenditure
- **2024:** Declined to 10.35%
- **2025:** Declined further to 9.43%
- **2026:** Surged to 51.46%

Such fluctuations contradict the NIIMP's recommendation for stable, predictable multi-year infrastructure investment frameworks. The sharp fluctuation in capital allocations between 2023 and 2026 indicates the absence of a stable medium-term investment framework, which undermines long-term infrastructure planning and private-sector participation.

**Table 1: Key Budget Highlights for the Transport Sector**

| Subsector                     | Estimated Allocation | Strategic Objective                             |
|-------------------------------|----------------------|---|
| Federal Ministry of Works     | ₦3.47 trillion       | Highway rehabilitation and expansion            |
| Federal Ministry of Transport | ₦400 billion         | Rail modernization and logistics infrastructure |
| Aviation                      | ₦72.53 billion       | Airport modernization and safety improvements   |
| Marine & Blue Economy         | ₦138.31 billion      | Port infrastructure and maritime development    |

## 2.2 Sub-sectoral Distribution (2026)

Capital allocation structure shows strong concentration:

- Federal Ministry of Works – approx. ₦3.47 trillion
- Federal Ministry of Transport – approx. ₦400 billion (later revised upward)
- Aviation – approx. ₦72.53 billion
- Marine & Blue Economy – approx. ₦138.31 billion

While capital-intensive, aviation and maritime subsectors remain underfunded relative to their strategic importance for trade

## 4.0 Recommendations

### 1. Stabilise Medium-Term Investment Trajectory

The Federal Ministry of Budget and Economic Planning and the Budget Office of the Federation, in collaboration with the Federal Ministry of Works, Federal Ministry of Transport, Federal Ministry of Aviation and Aerospace Development, and the Federal Ministry of Marine and Blue Economy, should adopt rolling three-year capital commitment frameworks to ensure

facilitation and global competitiveness.

## 2.3 Financing Structure Misalignment

NIIMP projects that over 60% of infrastructure financing should come from private-sector participation, with public funds serving as catalytic instruments. However, current allocations remain overwhelmingly dependent on direct public capital expenditure

## 3.0 Policy Implications

The findings suggest the following risks:

predictable funding and better project sequencing in line with the National Integrated Infrastructure Master Plan (NIIMP).

2. Strengthen Budget Credibility and Project Readiness Screening  
The Budget Office of the Federation, working with the Office of the Accountant-General of the Federation and the Federal Ministry of Finance, should introduce capital cash-backing certification mechanisms before project inclusion in the annual

- Capital scale-up without absorptive readiness may worsen project delays.
- Over-reliance on roads may undermine multimodal efficiency.
- Weak linkage between spending and measurable logistics productivity may limit GDP impact.
- Continued rollover practices weaken budget credibility.

For infrastructure-led growth to succeed, scale must be matched with sequencing, coordination and financing reform.

budget and enforce readiness-based project selection to reduce capital project rollovers.

### 3. Diversify Infrastructure Financing Mechanisms

The Federal Ministry of Finance, Infrastructure Concession Regulatory Commission (ICRC), Debt Management Office (DMO), and the Federal Ministry of Transport should strengthen Public-Private Partnership (PPP) frameworks, expand infrastructure bond markets, and scale



concession arrangements in highways, ports, rail logistics, and airport terminals to reduce over-reliance on public financing.

#### 4. Improve Multimodal Infrastructure Coordination and Logistics Integration

The Office of the Secretary to the Government of the Federation (OSGF) should establish a National Transport Infrastructure Coordination Platform involving the Federal Ministries of Works, Transport, Aviation and Aerospace Development, and Marine and Blue Economy to develop integrated logistics corridor strategies linking rail networks, seaports, airports, and interstate highways.

#### 5. Strengthen Monitoring, Evaluation, and Performance Tracking Systems

The Federal Ministry of Budget and Economic Planning, National Bureau of Statistics (NBS), and sector transport ministries should deploy digital infrastructure

monitoring dashboards to track capital releases, project completion rates, logistics performance indicators, and economic productivity outcomes.



#### 6. Enhance Institutional Capacity for Infrastructure Delivery

The Federal Ministry of Works, the Federal Ministry of Transport, and the Federal Ministry of Aviation and Aerospace Development should strengthen technical project management units, procurement

planning systems, and contract supervision frameworks to improve absorptive capacity and reduce implementation delays.

### 5.0 Conclusion

The 2026 transport-sector budget represents a significant shift towards infrastructure-led macroeconomic adjustment. However, volatility in prior years, weak budget execution, sub-sectoral imbalances, and limited alignment with private financing threaten long-term sustainability. For Abuja-based federal ministries, the priority must shift from scale alone to execution discipline, multimodal balance, financing diversification and measurable performance outcomes. Sustained

reform in these areas is essential for transforming Nigeria's transport infrastructure into a genuine catalyst for productivity, trade competitiveness and inclusive growth under Nigeria Agenda 2050.